



**Employers Who Had Fifty or More Employees
Using MassHealth, Commonwealth Care,
or the Health Safety Net in State FY09**

June 2010



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Commonwealth of Massachusetts
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Executive Summary

The Commonwealth's landmark health care reform legislation of 2006 recognized the pivotal role that employers play in achieving its goal of near universal coverage. A number of provisions in the law act as incentives for employers to offer and maintain health coverage, including the individual mandate. In the interest of attracting or retaining a qualified workforce, the mandate effectively encourages some employers to begin to offer, continue providing, or upgrade coverage. Other policy tools, such as the Fair Share Contribution and the Free Rider Surcharge, also encourage employers to maintain coverage for their workforces.

Massachusetts employers continue to lead the nation in providing health insurance options to their workers. In its 2009 Massachusetts Employer Survey, the Massachusetts Division of Health Care Finance and Policy (DHCFP) found that 76% of Massachusetts employers offer health insurance to their employees, whereas only 60% of employers nationwide offer coverage. This rate is even higher for Massachusetts employers with 50 or more employees, of which 98% offer coverage.

Although, the health insurance offer rate for large employers is high, not all employees of these firms are eligible. DHCFP annually produces a report identifying employers with 50 or more employees receiving health services through the Commonwealth's publicly subsidized health insurance programs. DHCFP released its first report on this topic in 2005 in response to Section 304 of Chapter 149 of the Acts of 2004. This edition provides information on state fiscal year 2009 (FY09), which began July 1, 2008 and ended June 30, 2009. The report estimates expenditures for people employed by large firms where 50 or more employees are accessing health insurance coverage through one or more of the Massachusetts public assistance programs, MassHealth, Health Safety Net¹ or Commonwealth Care. The report also estimates expenditures in these programs for people identified as these employees' dependents.

Beginning with the report for state FY07, DHCFP significantly enhanced its methodology for identification and verification of employer-employee relationships. This edition continues to use the improved identification methodology for state FY09. We report the total number of employees, their dependents, and the cost of services used, by program, for each employer with 50 or more employees using state subsidized services. The analysis was developed using a two-pronged approach:

- In collaboration with the Department of Revenue (DOR), the Office of Medicaid, and the Commonwealth Health Insurance Connector Authority, DHCFP identified employed recipients of public assistance through person-level matches with DOR's quarterly wage reporting files to create employer-level summaries of the number of employees and the value of services provided to them and to their dependents.
- For individuals who could not be matched with DOR records due to the lack of a valid social security number (SSN), DHCFP examined the self-reported employment status from MassHealth eligibility records. Prior to the implementation of improved methodology

¹ The Health Safety Net replaced the Uncompensated Care Pool beginning October 1, 2007.

for state FY07, reports issued by DHCFP were based solely on self-reported employment information.

This report includes four years (state FY06 through state FY09) of information obtained using this two-pronged approach.

Key Findings

The results of 50+ analysis reported for FY09 suggest that costs associated with the three public health insurance programs included in this report continue to move in positive and anticipated directions, consistent with the goals of Massachusetts health reform. Notably, compared to previous years, enrollment in and expenditures for Commonwealth Care continue to increase, enrollment and expenditures in the Health Safety Net continue to decrease, and MassHealth expenditures remains about the same, although enrollment has risen.

In state FY09, among employers with 50 or more employees using public coverage:

- An estimated \$805.1 million in public funds were spent on health care services through MassHealth, HSN or Commonwealth Care for Employees² and their dependents.
- Just over 294,000 Employees received publicly subsidized care at a cost of \$459.9 million: \$256.6 million through MassHealth, \$49.1 million through HSN, and \$154.2 million through Commonwealth Care.
- In addition, over 317,000 dependents of these Employees received publicly subsidized care at a total cost of \$345.2 million: \$319.4 million through MassHealth; \$7.9 million through HSN; and \$17.9 million through Commonwealth Care.

Among employers with 50 or more employees using public coverage, a comparison between state FY08 and state FY09 indicates that:

- Total FY09 spending of \$805.1 million for Employees and their dependents increased minimally (by 1.4%) over the FY08 estimate of \$793.7 million.
- The total number of Employees using publicly subsidized care decreased slightly by approximately 8,000.³
- The total cost of state services for Employees decreased by \$30.8 million (6.3%).⁴

²For the purpose of this report, “Employees” with a capital “e” refers to the group of individuals who used publicly subsidized care who are employed with firms with at least 50 employees who used publicly subsidized care; “Employers” with a capital “e” refers to those firms with at least 50 employees using publicly subsidized care.

³The number of dependents associated with these Employees grew by 87,000 from state FY08 to state FY09, attributable largely to changes to the methodology to identify more dependents

⁴The increase in cost for dependents was \$42.2 million was a result of the change in methodology between the two years, resulting in more dependents identified in state FY09.

- There were 117,000 Employees enrolled in Commonwealth Care in state FY09, reflecting a growth of 16,000 enrollees during the third year of the program's existence. Spending for employees associated with the program rose by 18.4% compared to state FY08.
- Combined MassHealth costs for Employees and their dependents remained relatively stable, increasing by 0.5% between state FY08 and state FY09.
- Costs associated with Health Safety Net Employees declined by 24.2% compared to costs in state FY08, reflecting further success of moving previously uninsured employees and their dependents to private insurance or Commonwealth Care and MassHealth.
- The unique number of Employees across all programs decreased by 2.5%. The total number of identified dependents across all programs increased by 37.9%, reflecting the change of methodology for state FY09 that allows identification of more dependents that were not captured in previous years.
- The number of Employers in state FY09, compared to state FY08, increased minimally by 36 firms (2.1%), from 1,725 in state FY08 to 1,761 in state FY09.

Discussion

- **The number of employed people covered through publicly subsidized health programs has remained relatively stable during state FY08 and state FY09.** A key goal of health care reform was to expand coverage to the uninsured low-income workers who often do not have access to health insurance through their employer and can not afford to purchase it on their own. As of June 30, 2009, over 408,000 Massachusetts residents have obtained coverage since the July 2006 implementation of health care reform. Of that increase, approximately 177,000 individuals have enrolled in Commonwealth Care, 99,000 have enrolled in MassHealth and 132,000 have enrolled in private coverage either through their employer or through individual purchase of insurance.⁵
- **Massachusetts employers continue to be national leaders in providing health insurance options to their workers.** DHCFP's 2009 Massachusetts Employer Survey found that 76% of Massachusetts employers offer health insurance to their employees, whereas only 60% of employers nationwide offer coverage. This rate is even higher for Massachusetts employers with 50 or more employees, of which 98% offer coverage.
- **Not all employees are eligible for coverage, even at firms offering health insurance.** In 2009, only 26% of the employers participating in the Massachusetts Employer Survey reported that they offer health insurance to their part-time employees, and among those firms, 89% required that employees work at least half time. In addition, 64% of Massachusetts employers require a waiting period of at least one month before new

⁵ Please see the Division's *Key Indicators* report for more information. http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/09/key_indicators_nov_09.pdf.

employees have access to benefits, and 45% of the surveyed employers require a three-month waiting period. It is important to note that many of the health care expenses documented in this report incurred by workers and their dependents covered by public programs may work for firms that do, in fact, offer generous health insurance coverage, but not to workers that work part-time.

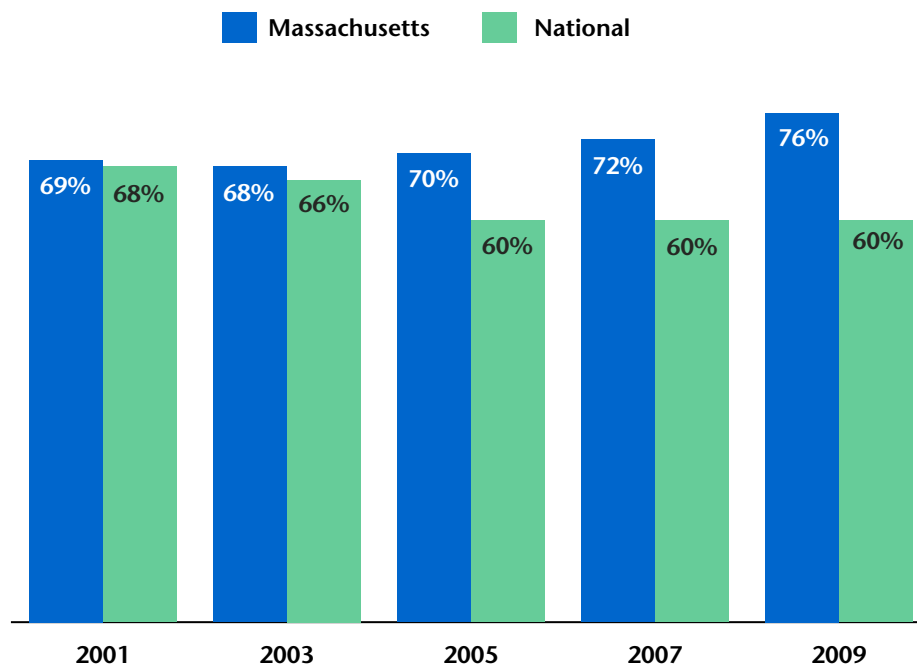
- **Employees counted in this analysis were either ineligible for the insurance package offered or worked for firms that did not offer health insurance.** Part-time and contract employees are often ineligible for benefits and new hires are frequently subjected to waiting periods. These employees may be eligible for services through MassHealth, Commonwealth Care or the Health Safety Net. The state has processes in place to ensure that, if available, employer-sponsored insurance (ESI) is obtained by the employee. The MassHealth and Commonwealth Care eligibility determination processes include evaluation of an applicant's access to ESI. The analysis excludes MassHealth Premium Assistance members, for whom MassHealth assists with the purchase of employer-sponsored insurance (ESI). In such cases MassHealth benefits are secondary to coverage obtained through their employer. Employees are eligible for subsidized Commonwealth Care plans if the employer does not cover the cost of at least one third of an individual plan's premium. The availability of ESI was not a factor in determining Health Safety Net eligibility. Therefore, the employees and dependents identified as receiving care through HSN may have had access to ESI.
- **The economic recession that began in 2008 may have had an impact on the nature of the types of employees and trends captured in the 50+ analysis.** The recession led to layoffs for many workers in Massachusetts. While these people may still be accessing a publicly subsidized insurance program, they are no longer affiliated with an employer since becoming unemployed. Therefore, they would no longer be included in this analysis as it only identifies employed people. This may have had a downward pushing effect on the numbers of members and costs in this analysis. Conversely, the economic climate led to many employers cutting health care benefits for all workers, which would lead to more employees (and dependents) being captured by this analysis, as those workers would now be employed, but not covered by ESI. Still another possible scenario is that many employers, struggling to react to a floundering economy, reduced hours for workers, which in turn might have impacted benefit eligibility, likely creating an upward pushing affect on the members and costs captured by this analysis. The net impact of the recession is difficult to quantify, but it is likely that multiple forces at play in response to it were taking place during the time period captured in this report.

Health insurance through MassHealth or Commonwealth Care may be the only way for low-income uninsured people to obtain affordable coverage. Policy makers continue to explore more ways to develop incentives and motives for employers to maintain and offer health coverage for their employees. For individuals ineligible for these programs, the HSN serve as a safety net to cover some of their care needs.

Background

Most insured people in Massachusetts and throughout the United States receive health insurance through their employers. Massachusetts employers have maintained a strong role in the provision of health insurance coverage, even as employer participation at the national level has remained flat. The 2009 Massachusetts Employer Survey (MES),⁶ conducted for the Division of Health Care Finance and Policy (DHCFP) found that 76% of Massachusetts employers offer health insurance to their employees, compared to only 60% nationally.⁷ The percentage of Massachusetts employers offering health insurance increased in the last five years, while nationally, the rate has flat lined (see Figure 1). Large employers with more than 50 employees – those examined in this report – are even more likely to offer health insurance to their employees, with 98% of large employers in Massachusetts offering coverage in 2009 compared to 99% in 2007.

Figure 1: Employer-Sponsored Insurance



Source: Massachusetts data from DHCFP Employer Survey for 2001, 2003, 2005, 2007 and 2009. National data from Kaiser/HRET Survey of Employer-Sponsored Health Benefits 2001-2009

However, employer-sponsored insurance (ESI) may not be available to all employees. Employers may offer benefits only to full-time employees, while not offering coverage to contract or part-time employees. The 2009 MES found that only 26% of Massachusetts employers offered health

⁶ http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/10/mes_results_2009.ppt

⁷ Kaiser/HRET Employer Health Benefits 2009 Annual Survey.

insurance to part-time workers. Among the minority of firms that do offer health insurance to part-time employees, 89% of them required that employees work at least half-time. As a result, part-time employees may end up uninsured or, if eligible, access care through MassHealth, Commonwealth Care, or the Health Safety Net (HSN), previously the Uncompensated Care Pool (UCP).

Employers may also impose waiting periods for benefits during which employees go without coverage. The 2009 MES found that 64% of the employers offering health insurance report subject employees to a waiting period before being eligible for ESI. Of those employers who impose a waiting period, 45% require at least one month but not more than 3 months of employment before a worker can be eligible for benefits. During the waiting period, employees may be uninsured, covered through COBRA, or, if eligible, may access care through the aforementioned public programs.

The above findings are corroborated by DHCFP's Massachusetts Health Insurance Survey (MHIS).⁸ In 2009, DHCFP found that 60% of uninsured individuals are employed. Approximately 17% of the working uninsured are working part time, making them less likely to be eligible for ESI.

According to DHCFP's 2009 Massachusetts Employer Survey (MES), the median employee monthly contribution to health insurance premiums per month for individuals was \$116 and the median monthly contribution for families is \$350. The cost of employer subsidized coverage may be out of reach for people with lower incomes, who may end up using the Health Safety Net because they cannot afford ESI (Commonwealth Care is not available to people who are offered ESI with at least a 33% employer contribution). Subsidized Commonwealth Care plans are offered to individuals with annual incomes of up to \$32,500, provided they are not offered ESI with a 33% subsidy.⁹

This background information on the employer-sponsored insurance and public coverage landscape is essential to understanding the findings of this report, which summarizes data on the utilization of publicly subsidized health care programs by employed individuals and their families during state FY09 (July 1, 2008 through June 30, 2009). The analysis included in this report excludes members of these programs also enrolled in ESI (e.g., MassHealth Family Assistance). Therefore, the analysis reflects populations that, while employed, do not otherwise have access to subsidized health insurance.

⁸ http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/09/his_access_chartbook_nov-2009.ppt

⁹ The level of subsidy provided by the state is determined by the Health Connector's affordability schedule. <https://www.mahealthconnector.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet>

Results

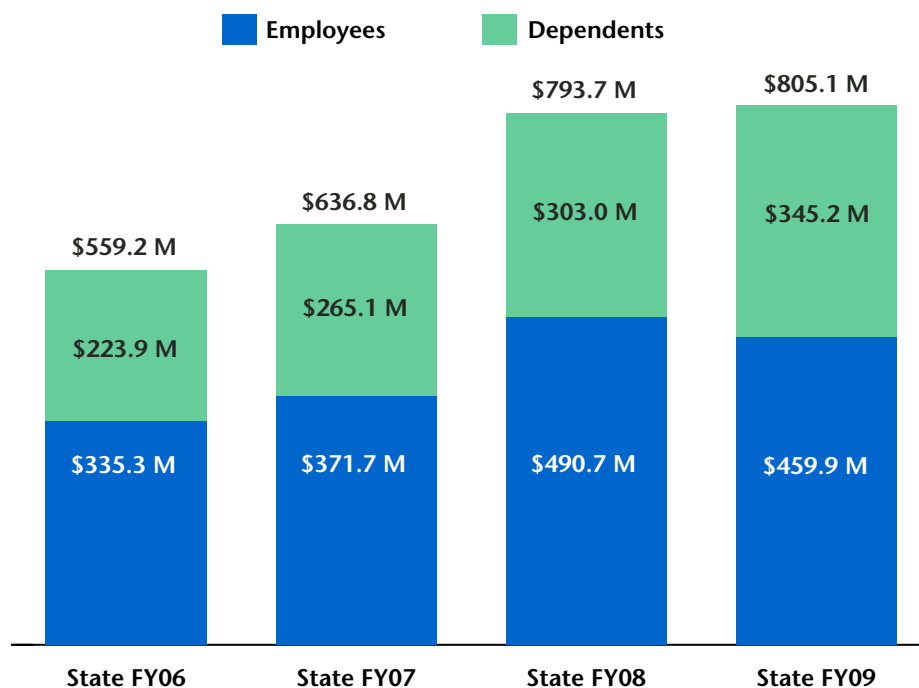
This section presents the combined results of the DOR match and the self-reported employment information. (Detailed tables presenting the combined analysis and the results of each individual methodology are presented in Appendix 1.) When reviewing these results, please bear in mind the aforementioned caveats, particularly the following:

Improvements in the methodology allowed DHCFP to obtain more accurate estimates of the number of people using care. The household methodology was applied to all people regardless of which program(s) they were eligible for, allowing for a greater number of users of care to be captured in the analysis. For example, this allowed analysts to identify children eligible for public assistance, even if their parents are not. In years prior to state FY09, these dependents would not have been identified and would have been excluded from the report by default. Additional improvements to find SSN led to a better match rate with DOR, resulting in a higher level of accuracy, and causing the number of people identified through the self-reported portion of the analysis to drop significantly. SSN information was available for 92% of MassHealth members and 79% of HSN utilizers. Similarly, nearly all eligibility records for Commonwealth Care members include SSNs. Exceptions occur due to SSN errors by the member or through data entry, resulting in an incorrect SSN that could not be matched with DOR data.

Self-reported information may not accurately identify employer-employee relationships. If SSN is unavailable, or if DOR files do not report employment for an SSN, employment information is drawn from MA-21. Employment information is self-reported in a free text field and cannot be verified. Individuals may incorrectly identify employers by reporting the corporate name of a franchise or the specific worksite while working for a temp agency. Furthermore, misspellings are common. While members are asked to update employer information whenever there are changes in employment status, this does not always happen. The information could be outdated, so in many cases, the member no longer works for that employer or has subsequently become employed with a different employer but their charges may still be allocated to the old employer. In addition, since the employment information is only updated once a year, costs for the entire year were allocated to the self-reported employer when in fact that employer may not have employed the member for all quarters during the year. The self-reported information may overstate the employer relationships and associated costs in some cases and understate it in others.

Combined Analysis Results

In state FY09, 294,453 Employees receiving publicly subsidized care were employed by 1,761 businesses in which more than 50 Employees obtained publicly subsidized health care. In addition, 317,285 dependents of these Employees also accessed publicly subsidized care. Total costs for Employees and dependents were over \$805.1 million. Of this total cost, 57.1% (or \$459.9 million)

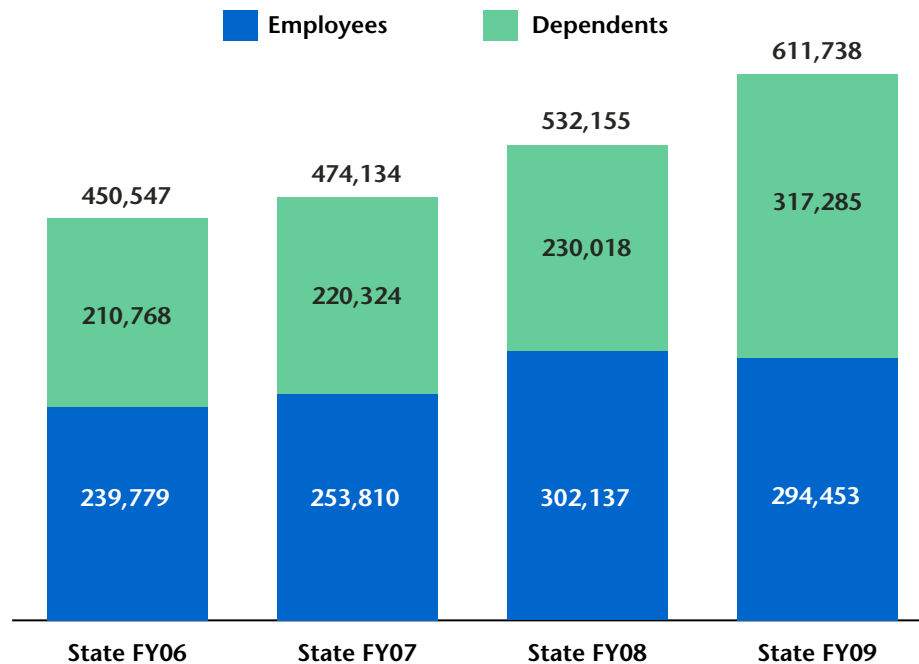
Figure 2: Total Costs for Employees and Dependents

Percent Change			
	Employees	Dependents	Overall
State FY06 to State FY07	+10.8%	+18.4%	+13.9%
State FY07 to State FY08	+32.0%	+14.3%	+24.6%
State FY08 to State FY09	-6.3%	+13.9% ¹⁰	+1.4%

was for health care utilized by Employees, and 42.9% (or \$345.2 million) for health care utilized by dependents (see Figure 2).

The total cost of services increased slightly from the prior year by 1.4%, driven mostly by costs for dependents, which increased by 13.9%, while costs for Employees decreased by 6.3% (see Figure 2). The largest increase in spending was associated with the expansion of the Commonwealth Care program. Between state FY08 and state FY09, the costs identified in this analysis for Commonwealth Care increased by \$26.7 million. The number of Employees identified increased by 16,082, from 100,958 to 117,040 in state FY09. During this same period, the costs identified for MassHealth remained relatively stable, increasing by 0.5% (\$2.9 million) and costs for HSN decreased by 24.2% (\$18.2 million).

¹⁰ The increase in dependent counts is due to improvements in counting methodology made between state FY08 and state FY09. Please refer to the methodology section of this report for a detailed description.

Figure 3: Total Number of Employees and Dependents Using Care

Percent Change			
	Employees	Dependents	Overall
State FY06 to State FY07	+5.9%	+4.5%	+5.2%
State FY07 to State FY08	+19.0%	+4.4%	+12.2%
State FY08 to State FY09	-2.5%	+37.9% ¹¹	+15.0%

Between state FY08 and state FY09, the total number of Employees decreased by 2.5% and the total number of dependents increased by 37.9% (see Figure 3). The number of Employers identified in state FY08 compared to state FY09 increased by 2.1% from 1,725 in state FY08 to 1,761 in state FY09.¹²

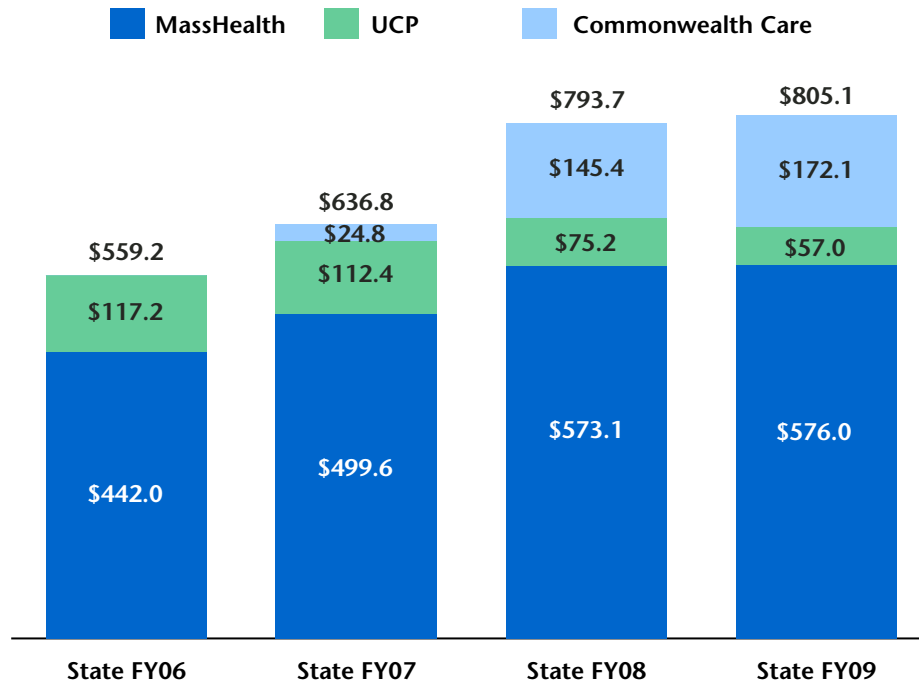
Costs by Program

As depicted in Figure 4, most (71.5% or \$576.0 million) of the costs for Employees and dependents combined were associated with the MassHealth program, with an additional \$172.1 million (or 21.4%) from Commonwealth Care, and \$57.0 million (or 7.1%) from HSN.

Between state FY08 and state FY09, MassHealth expenditures grew minimally by 0.5%, HSN expenditures declined by 24.2% and Commonwealth Care expenditures grew by 18.4%.

¹¹ The increase in dependent counts is due to improvements in counting methodology made between state FY08 and state FY09. Please refer to the methodology section of this report for a detailed description.

¹² The number of unduplicated Employers was 1,553 in state FY08 and 1,629 in state FY09, an increase of 4.9%.

Figure 4: Total Expenditures by Program**Percent Change**

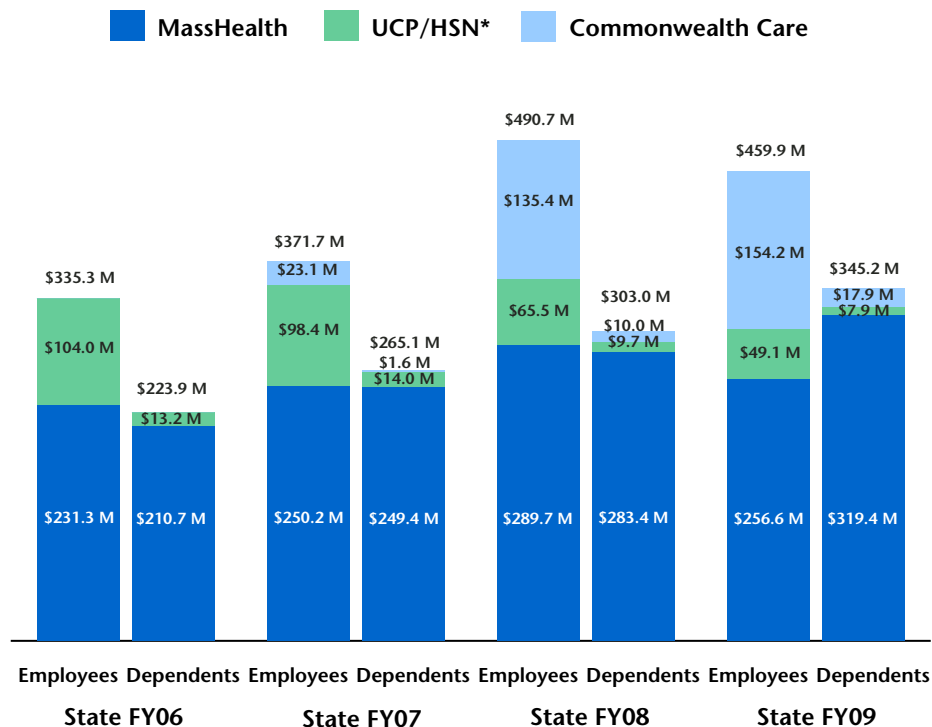
	MassHealth	UCP/HSN	CommCare	Overall
State FY06 to State FY07	+13.0%	-4.1%	-	+13.9%
State FY07 to State FY08	+14.7%	-33.1%	+487.1%	+24.6%
State FY08 to State FY09	+0.5%	-24.2%	+18.4%	+1.4%

*HSN replaced UCP on October 1, 2007.

Of the total cost for Employees, \$256.6 million (55.8%) was associated with the MassHealth program, \$49.1 million (10.7%) with HSN, and \$154.2 million (33.5%) with Commonwealth Care (see Figure 5).

Of the total cost for dependents, the vast majority (92.5%) was for MassHealth services, with \$319.4 million going to the MassHealth program. In addition, \$7.9 million (or 2.3%) was for services provided through HSN and \$17.9 million (or 5.2%) through Commonwealth Care.

Total Employee costs decreased 6.3% from state FY08 to state FY09, with costs decreasing by 11.4% for MassHealth, decreasing by 25.1% for HSN and increasing by 13.8% for Commonwealth Care. Total costs for dependents increased by 13.9% from state FY08 to state FY09.

Figure 5: Total Costs for Employees and Dependents by Program

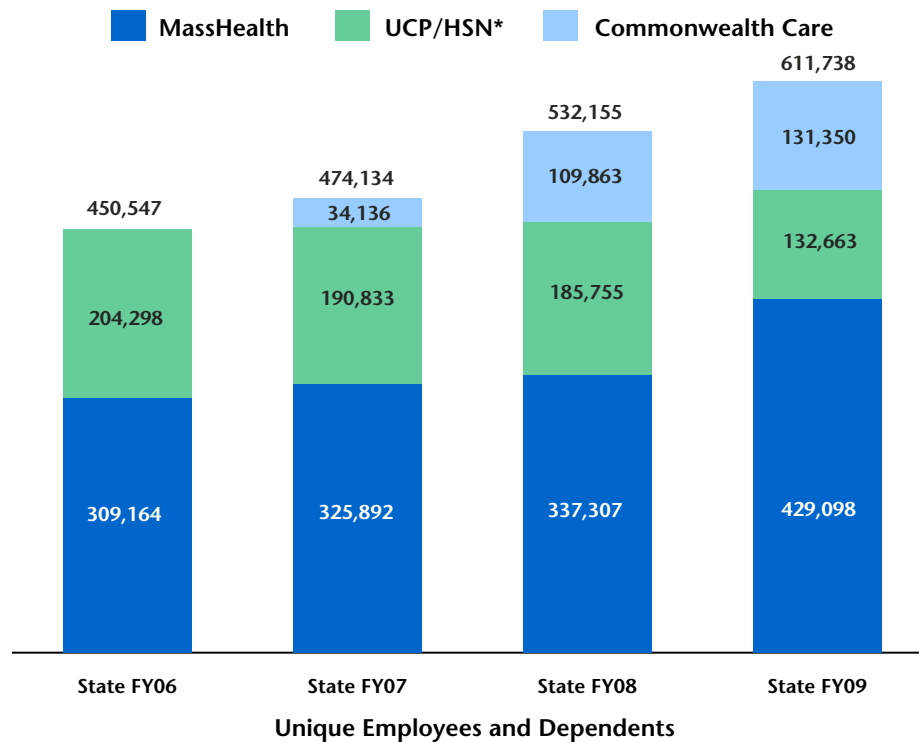
*HSN replaced UCP on October 1, 2007.

Number of People Served by Program

In state FY09, similar to the distribution of total costs, most Employees and dependents (429,098) were served by MassHealth, 132,663 utilized services through HSN, and 172,409 were enrolled in Commonwealth Care (see Figure 6).

From state FY08 to state FY09, the number of MassHealth Employees and dependents served grew by 27.2% overall, with Employees increasing by 26,480 (16.9%) and dependents increasing by 65,311 (36.2%). Employees served by HSN declined by 29,771 (28.2%) and dependents decreased by 23,321 (29.0%). Employees served by Commonwealth Care increased by 16,082 (15.9%) and dependents increased by 5,405 (60.7%).¹³ Increases in dependent counts are due in part to improved household identification methodology used for FY09.

¹³ A dependent identified in Commonwealth Care must be an individual subscriber to the program and all dependents counted are subscribers and are 18 and older. Dependent children (under 18) and other members of the family ineligible for Commonwealth Care are not counted. Dependents may or may not be employed.

Figure 6: Number of Individuals Served in Each Program**Percent Change**

	MassHealth	UCP/HSN	CommCare	Overall
State FY06 to State FY07	+5.4%	-6.6%	-	+5.2%
State FY07 to State FY08	+3.5%	-2.7%	+221.8%	+12.2%
State FY08 to State FY09	+27.2%	-28.6%	+19.6%	+15.0%

Note: The number of unique individuals served is less than sum of the number served by each program because some individuals were served by more than one program in a given state fiscal year.

*HSN replaced UCP on October 1, 2007.

Firms with 50 or More Employees Identified through DOR Wage Reporting Match

The DOR match process identified \$697.8 million (86.7% of the total combined DOR match and self-reported information) in state FY09, compared to \$669.2 million in state FY08, an increase of 4.3%. The number of Employers identified increased from 1,553 in state FY08 to 1,629 in state FY09, representing a 4.9% increase.

Appendix 5 shows the detailed DOR match results by Employer for state FY09. The attachment lists Employers who had 50 or more Employees receiving publicly subsidized care during state FY09. The

list is sorted in descending order according to the total number of unique Employees who accessed services from MassHealth, HSN, or Commonwealth Care.

The top 25 firms in state FY09 account for \$127.7 million (or 18.3%) of the total expenditures identified through the DOR match methodology. In state FY08, these same 25 firms accounted for \$125.0 million (or 18.7%) of total expenditures identified through the DOR match methodology (see Figure 7).

The list of the top 25 Employers remained relatively consistent for both years, with nine of the top ten remaining the same. Wal-Mart Associates, S&S Credit Co (Stop & Shop) and Commonwealth of Massachusetts have remained the top three employers in the past three years and were all in the top four in state FY06. In state FY09, these three employers accounted for \$83.6 million dollars paid by publicly subsidized programs for employees and their dependents. This is 12% of the total expenditures for all employers included in this report.

Firms with 50 or More Employees Identified through Self-Reported Employment Data

While the DOR match process is an accurate way to identify employer-employee relationships, a valid SSN is needed to complete the match. A valid SSN is not always available in the eligibility records for all people using public assistance; in some cases, it was not possible to identify employers using DOR records. Some of these people are employed and will be captured in this analysis using the self-reported methodology. The self-reported employment analysis identified \$107.3 million (13.3% of the total combined DOR match and self-reported information) in state FY09 compared to \$124.5 million in state FY08, a decrease of 13.8%. The number of firms identified as having 50 or more Employees using publicly subsidized care decreased from 172 in state FY08 to 132 in state FY09, representing a 23.3% decrease. Overall decreases in the self-reported analysis between state FY08 and state FY09 are a result of improved methodology used in FY09 to identify individuals using eligibility instead of claims. SSN, which is used to obtain work history from DOR, occurs in great frequency on eligibility than on claims. Therefore, many of the employees that are no longer identified in the self-reported analysis are identified in the DOR match.

Appendix 6 shows detailed self-reported employment results by Employer for state FY09. These attachments list Employers who had 50 or more Employees receiving publicly subsidized care during state FY09. The list is sorted in descending order according to the total number of unique Employees who accessed services from MassHealth, HSN and/or Commonwealth Care.

The top 25 firms by number of Employees in state FY09 account for \$54.7 million (or 51.0%) of the total expenditures identified through the self-reported Employment methodology. For state FY08, the same 25 firms account for \$57.8 million (or 46.4%) of the total expenditures identified through the self-reported employment methodology (see Figure 8).

The top 25 Employers were relatively consistent for both years, with the top six in precisely the same order both years. Both Wal-Mart and S&S Credit (Stop and Shop) were in the top four for both

the self-reported employer information and the DOR match methodology. As Dunkin Donuts and McDonalds are both largely franchised, it is likely that Wal-Mart and S&S Credit are in the top two for self-reported, similar to the findings of the DOR match.

Figure 7: Top 25 Employers with 50+ Employees Using Publicly Subsidized Care DOR Match (sorted by state FY09 total employees)

State FY09										State FY08 ¹⁴				
Employer	Total Employees Using Subsidized Care	Total Employee Costs	Total Cost for Employees and Dependents	State FY09 Rank	Total Employees Using Subsidized Care	Total Employee Costs	Total Cost for Employees and Dependents	State FY08 Rank	Total Employees Using Subsidized Care	Total Employee Costs	Total Cost for Employees and Dependents	State FY08 Rank		
Wal-Mart Associates Inc	5,072	\$8,895,444	\$16,591,264	1	4,796	\$9,272,089	\$15,507,272	1						
S&S Credit Co Inc (Stop & Shop)	5,035	\$8,969,943	\$13,484,710	2	4,731	\$9,095,405	\$13,061,744	2						
Commonwealth of Massachusetts	4,376	\$6,517,306	\$10,596,021	3	3,785	\$7,084,078	\$10,433,401	3						
Labor Ready Northeast Inc	2,764	\$4,044,059	\$4,520,073	4	3,716	\$5,505,278	\$6,110,824	4						
Demoulas Supermarkets Inc	2,580	\$5,026,807	\$7,446,780	5	2,281	\$4,291,891	\$6,365,515	8						
Mass CVS Pharmacy LLC	2,487	\$4,318,994	\$7,168,382	6	2,276	\$4,457,825	\$7,016,430	9						
Shaw's Supermarket Inc	2,222	\$4,531,236	\$7,078,864	7	2,334	\$4,691,382	\$6,946,332	7						
Target Corporation	2,204	\$2,658,823	\$4,705,827	8	2,479	\$3,578,884	\$5,650,746	5						
Friendly Ice Cream Corp	2,056	\$3,287,687	\$5,254,601	9	1,952	\$3,295,850	\$4,963,681	10						
Unicco Service Company	1,933	\$3,135,083	\$6,744,858	10	1,698	\$2,445,188	\$4,544,101	15						
Papa Gino's Inc	1,624	\$2,445,468	\$3,735,033	11	1,652	\$2,609,047	\$4,051,057	17						
Kelly Services Inc	1,607	\$1,779,784	\$2,984,733	12	1,931	\$2,308,606	\$3,506,244	12						
Aramark Food & Support Service	1,599	\$2,386,153	\$3,749,638	13	NA	NA	NA	NA						
City of Boston	1,583	\$2,393,869	\$4,430,909	14	1,731	\$4,024,357	\$6,806,113	14						
Home Depot USA Inc	1,547	\$2,421,452	\$4,368,209	15	1,689	\$2,824,458	\$4,667,656	16						
Wendy's Old Fash Hamburger	1,278	\$1,932,196	\$3,290,998	16	1,176	\$1,898,904	\$3,062,258	23						
Sears Roebuck & Co	1,263	\$1,831,012	\$2,859,320	17	1,356	\$2,220,350	\$3,155,928	20						
United Parcel Service Inc	1,254	\$855,389	\$1,209,340	18	1,370	\$1,565,887	\$2,093,732	19						
Adecco CS Inc	1,189	\$1,093,422	\$1,754,277	19	1,872	\$2,343,507	\$3,578,561	13						
Debbie's Staffing Services Inc	1,127	\$1,870,974	\$3,147,543	20	1,426	\$2,059,099	\$3,177,537	18						
Vencor Nursing Centers East LLC	1,045	\$1,414,701	\$3,179,542	21	969	\$1,497,353	\$2,996,630	28						
Cumberland Farms Inc	1,042	\$1,433,149	\$2,455,585	22	1,094	\$1,513,554	\$2,476,404	25						
The General Hospital Corp	1,029	\$1,205,530	\$2,718,875	23	NA	NA	NA	NA						
Pomerantz PPS LLC	1,011	\$1,026,868	\$1,550,122	24	1,087	\$1,181,587	\$1,694,949	26						
Walgreen Eastern Co Inc	991	\$1,761,024	\$2,706,645	25	1,181	\$1,993,720	\$3,091,688	22						
Total	49,918	\$77,236,374	\$127,732,149		48,582	\$81,758,299	\$124,958,804							

¹⁴ State FY08 data in this table is presented only for the 25 companies with the most employees using public assistance in state FY09.

Figure 8: Top 25 Employers with 50+ Employees Using Publicly Subsidized Care Self-Reported Employment (sorted by state FY09 total employees)¹⁵

Employer	State FY09				State FY08 ¹⁶			
	Total Employees Using Subsidized Care	Total Employee Costs	Total Cost for Employees and Dependents	State FY09 Rank	Total Employees Using Subsidized Care	Total Employee Costs	Total Cost for Employees and Dependents	State FY08 Rank
Dunkin' Donuts	1,365	\$3,703,033	\$7,056,312	1	1,950	\$4,477,543	\$7,760,700	1
McDonald's Restaurant	1,174	\$3,014,267	\$5,838,646	2	1,775	\$3,547,552	\$6,600,292	2
S&S Credit Co	979	\$4,114,991	\$5,520,513	3	1,326	\$4,731,250	\$6,114,141	3
Wal-Mart Associates Inc	633	\$2,436,706	\$3,738,123	4	921	\$2,864,334	\$4,132,207	4
Demoulas Supermarkets Inc	554	\$1,590,780	\$2,671,260	5	675	\$1,858,833	\$2,775,701	7
Burger King Corp	528	\$1,443,911	\$2,556,104	6	771	\$1,871,314	\$2,951,705	5
May Department Stores	433	\$1,286,077	\$1,979,373	7	623	\$1,452,269	\$2,326,540	8
Shaw's Supermarkets Inc	401	\$1,786,656	\$2,342,859	8	589	\$1,758,892	\$2,386,375	9
Unicco Service Co Inc	400	\$977,576	\$1,920,160	9	730	\$1,190,892	\$2,275,704	6
Wendy's Old Fash Hamburgers	366	\$1,033,546	\$1,839,209	10	562	\$1,138,249	\$1,901,331	10
Mass CVS Pharmacy, LLC	360	\$1,547,198	\$2,311,436	11	455	\$1,618,751	\$2,460,227	11
Papa Gino's Inc	352	\$1,108,931	\$1,714,619	12	452	\$1,288,057	\$1,805,817	12
UMass	347	\$1,036,279	\$1,565,350	13	416	\$997,169	\$1,466,374	14
Friendly Ice Cream Corp	285	\$926,343	\$1,516,454	14	375	\$991,485	\$1,596,546	15
Marriott Hotel	243	\$702,560	\$1,276,193	15	204	\$388,926	\$744,835	41
US Postal Service	241	\$677,532	\$1,010,201	16	283	\$586,661	\$891,257	24
YMCA	217	\$1,220,467	\$1,608,260	17	140	\$510,986	\$720,844	64
EDA Select Temporaries Inc	215	\$599,512	\$1,173,609	18	272	\$666,153	\$1,226,005	25
Healthcare Services Group Inc	210	\$497,741	\$786,129	19	239	\$343,449	\$839,367	29
Labor Ready Northeast Inc	209	\$1,140,579	\$1,240,653	20	227	\$1,133,642	\$1,191,526	32
Home Depot USA Inc	208	\$795,696	\$1,095,384	21	297	\$858,531	\$1,167,098	22
American Cleaning Co Inc	203	\$478,135	\$846,210	22	336	\$483,483	\$918,754	20
TJX Companies Inc	203	\$586,422	\$970,084	23	308	\$674,977	\$1,047,500	21
Cumberland Farms Inc	198	\$733,348	\$1,110,096	24	201	\$736,612	\$1,046,968	42
Target Corporation	198	\$687,623	\$1,044,112	25	343	\$847,307	\$1,420,710	18
Total	10,522	\$34,125,906	\$54,731,349		14,470	\$37,017,315	\$57,768,521	

¹⁵ Employees of a franchise may report the corporate name rather than the name of the franchise by which they are employed. Many franchises in the self-reported analysis are grouped under a single name, creating the appearance of one large employer.

¹⁶ State FY08 data in this table is presented only for the 25 companies with the most employees using public assistance in state FY09.

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Appendix 1

Summary Data

Combined DOR Match and Self-Reported Employment

**Summary of Combined Results of DOR Match and Self-reported Employment
Number and Costs of Employees and Dependents**

Combined Summary: DOR + Self-reported		SFY06 DOR Match + Self	SFY07 DOR Match + Self	SFY08 DOR Match +Self	SFY09 DOR Match +Self	Change SFY08 to SFY09	% Change SFY08 to SFY09
All Programs	Number of Employers	1,390	1,474	1,725	1,761	36	2.1%
	Total Employees	239,779	253,810	302,137	294,453	(7,684)	-2.5%
	Total Dependents	210,768	220,324	230,018	317,285	87,267	37.9%
	Total Served	450,547	474,134	532,155	611,738	79,583	15.0%
	Total Employee Costs	\$335,320,915	\$371,702,209	\$490,708,466	\$459,866,155	(\$30,842,310)	-6.3%
	Total Dependent Costs	\$223,862,811	\$265,061,584	\$303,000,692	\$345,216,707	\$42,216,015	13.9%
	Total Cost For Employees and Dependents	\$559,183,725	\$636,763,792	\$793,709,157	\$805,082,862	\$11,373,705	1.4%
MassHealth	Employees	141,516	147,033	156,679	183,159	26,480	16.9%
	Dependents	167,648	178,859	180,628	245,939	65,311	36.2%
	Total MassHealth Served	309,164	325,892	337,307	429,098	91,791	27.2%
	Employee Costs	\$231,311,125	\$250,159,043	\$289,749,328	\$256,598,372	(\$33,150,955)	-11.4%
	Dependent Costs	\$210,656,159	\$249,433,365	\$283,376,614	\$319,381,758	\$36,005,143	12.7%
	Total MassHealth Costs	\$441,967,285	\$499,592,408	\$573,125,942	\$575,980,130	\$2,854,188	0.5%
Total Free Care UCP+HSN	Employees	125,659	118,366	105,398	75,627	(29,771)	-28.2%
	Dependents	78,639	72,467	80,357	57,036	(23,321)	-29.0%
	Total UCP and HSN Served	204,298	190,833	185,755	132,663	(53,092)	-28.6%
	Employee Costs	\$104,009,789	\$98,408,941	\$65,523,446	\$49,078,078	(\$16,445,368)	-25.1%
	Dependent Costs	\$13,206,652	\$13,995,038	\$9,666,223	\$7,934,606	(\$1,731,617)	-17.9%
	Total Free Care/UCP/HSN Costs	\$117,216,441	\$112,403,979	\$75,189,669	\$57,012,683	(\$18,176,985)	-24.2%
Commonwealth Care	Employees	-	27,036	100,958	117,040	16,082	15.9%
	Dependents	-	7,100	8,905	14,310	5,405	60.7%
	Total Commonwealth Care Served	-	34,136	109,863	131,350	21,487	19.6%
	Employee Costs	-	\$23,134,225	\$135,435,692	\$154,189,705	\$18,754,013	13.8%
	Dependent Costs	-	\$1,633,181	\$9,957,855	\$17,900,344	\$7,942,489	79.8%
	Total Commonwealth Care Costs	-	\$24,766,745	\$145,393,546	\$172,090,049	\$26,696,502	18.4%

Summary of DOR Match
Number and Costs of Employees and Dependents

DOR Match Summary		SFY06 DOR Match	SFY07 DOR Match	SFY08 DOR Match	SFY09 DOR Match	Change SFY08 to SFY09	% Change SFY08 to SFY09
All Programs	Number of Employers	1,263	1,307	1,553	1,629	76	4.9%
	Total Employees	216,308	228,586	270,100	274,143	4,043	1.5%
	Total Dependents	196,875	206,269	205,828	293,471	87,643	42.6%
	Total Served	413,183	434,855	475,928	607,183	91,686	19.3%
	Total Employee Costs	\$275,885,477	\$310,531,426	\$410,379,194	\$393,350,299	(\$17,028,895)	-4.1%
	Total Dependent Costs	\$190,949,148	\$228,767,173	\$258,821,814	\$304,416,128	\$45,594,315	17.6%
	Total Cost For Employees and Dependents	\$466,834,624	\$539,298,598	\$669,201,007	\$697,766,427	\$28,565,420	4.3%
MassHealth	Employees	129,400	135,433	143,987	168,543	24,556	17.1%
	Dependents	153,755	164,934	166,428	228,495	62,067	37.3%
	Total MassHealth Served	283,155	300,367	310,415	397,038	86,623	27.9%
	Employee Costs	\$183,345,992	\$202,810,233	\$233,644,206	\$209,030,114	(\$24,614,092)	-10.5%
	Dependent Costs	\$177,742,496	\$213,240,548	\$241,795,045	\$280,753,112	\$38,958,067	16.1%
	Total MassHealth Costs	\$361,088,489	\$416,050,781	\$475,439,251	\$489,783,226	\$14,343,975	3.0%
Total Free Care UCP+HSN	Employees	114,304	105,970	86,573	69,029	(17,544)	-20.3%
	Dependents	78,639	72,467	66,955	51,227	(15,728)	-23.5%
	Total UCP and HSN Served	192,943	178,437	153,528	120,256	(33,272)	-21.7%
	Employee Costs	\$92,539,484	\$86,530,472	\$51,610,987	\$40,616,429	(\$10,994,558)	-21.3%
	Dependent Costs	\$13,206,652	\$13,995,038	\$7,642,537	\$6,801,560	(\$840,977)	-11.0%
	Total Free Care/UCP/HSN Costs	\$105,746,136	\$100,525,510	\$59,253,524	\$47,417,989	(\$11,835,535)	-20.0%
Commonwealth Care	Employees	-	25,603	96,540	112,606	16,066	16.6%
	Dependents	-	6,814	8,578	13,749	5,171	60.3%
	Total Commonwealth Care Served	-	32,417	105,118	126,355	21,237	20.2%
	Employee Costs	-	\$21,190,720	\$125,124,000	\$143,703,756	\$18,579,756	14.8%
	Dependent Costs	-	\$1,531,587	\$9,384,232	\$16,861,456	\$7,477,224	79.7%
	Total Commonwealth Care Costs	-	\$22,722,307	\$134,508,232	\$160,565,212	\$26,056,980	19.4%

**Summary of Self-reported Employment
Number and Costs of Employees and Dependents**

Self-reported Summary		SFY06 Self-Reported	SFY07 Self-Reported	SFY08 Self-Reported	SFY09 Self-Reported	Change SFY08 to SFY09	% Change SFY08 to SFY09
All Programs	Number of Employers	154	167	172	132	(40)	-23.3%
	Total Employees	23,471	25,224	32,037	20,310	(11,727)	-36.6%
	Total Dependents	13,893	14,055	24,190	23,814	(376)	-1.6%
	Total Served	37,364	39,279	56,227	44,124	(12,103)	-21.5%
	Total Employee Costs	\$59,435,438	\$61,170,783	\$80,329,272	\$66,515,856	(\$13,813,415)	-17.2%
	Total Dependent Costs	\$32,913,663	\$36,294,411	\$44,178,878	\$40,800,578	(\$3,378,300)	-7.6%
	Total Cost For Employees and Dependents	\$92,349,101	\$97,465,194	\$124,508,150	\$107,316,435	(\$17,191,715)	-13.8%
MassHealth	Employees	12,116	11,600	12,692	14,616	1,924	15.2%
	Dependents	13,893	13,925	14,200	17,444	3,244	22.8%
	Total MassHealth Served	26,009	25,525	26,892	32,060	5,168	19.2%
	Employee Costs	\$47,965,133	\$47,348,810	\$56,105,121	\$47,568,258	(\$8,536,863)	-15.2%
	Dependent Costs	\$32,913,663	\$36,192,817	\$41,581,570	\$38,628,645	(\$2,952,924)	-7.1%
	Total MassHealth Costs	\$80,878,796	\$83,541,627	\$97,686,691	\$86,196,904	(\$11,489,787)	-11.8%
Total Free Care UCP+HSN	Employees	11,355	12,396	18,825	6,598	(12,227)	-65.0%
	Dependents			13,402	5,809	(7,593)	-56.7%
	Total UCP and HSN Served	11,355	12,396	32,227	12,407	(19,820)	-61.5%
	Employee Costs	\$11,470,305	\$11,878,469	\$13,912,459	\$8,461,648	(\$5,450,810)	-39.2%
	Dependent Costs			\$2,023,686	\$1,133,046	(\$890,640)	-44.0%
	Total Free Care/UCP/HSN Costs	\$11,470,305	\$11,878,469	\$15,936,145	\$9,594,694	(\$6,341,450)	-39.8%
Commonwealth Care	Employees	-	1,433	4,418	4,434	16	0.4%
	Dependents	-	286	327	561	234	527.2%
	Total Commonwealth Care Served	-	1,719	4,745	4,995	250	36.7%
	Employee Costs	-	\$1,943,505	\$10,311,692	\$10,485,950	\$174,258	1.7%
	Dependent Costs	-	\$101,594	\$573,622	\$1,038,887	\$465,265	81.1%
	Total Commonwealth Care Costs	-	\$2,044,438	\$10,885,314	\$11,524,837	\$639,523	5.9%



Appendix 2

Methodology

Methodology

This section describes the methods used by DHCFP, in collaboration with staff from the Department of Revenue (DOR), the Office of Medicaid (MassHealth), and the Commonwealth Health Connector to conduct this analysis. Data for these reports was analyzed in accordance with the security and confidentiality standards administered by the Executive Office of Health and Human Services and the DOR.

In 2005, DHCFP released its first report on employers with 50 or more employees using public assistance. Reports relied on employment information reported by the individual receiving care and employment status could not be verified. Therefore, older reports show only a small fraction of the true cost and number of people using care. Beginning with the report for state FY07,¹⁷ DHCFP implemented a new methodology to identify employment information for persons receiving publicly subsidized care. In this report, results were restated for state FY06 as well to study trend. This current analysis, focusing on state FY09, includes results of matching social security number (SSN) from eligibility files with the DOR's quarterly employment records for state FY06 through state FY09. Since SSN is not a required field for the purpose of determining eligibility, not all persons accessing care through publicly subsidized programs could be matched to DOR records. Therefore, the DOR match approach, while accurate, shows only a portion of the employment information for MassHealth and Commonwealth Care members and persons accessing care through the HSN. Self-reported employment information is used for individuals lacking a valid SSN in their eligibility records, and could not be matched to DOR employment records. The methodology used for state FY09 was improved further by using eligibility records to find SSN in addition to claims.

The key steps involved in developing this analysis included:

- identifying employed utilizers of publicly subsidized health care services and their dependents;
- identifying costs of care provided to these employees, spouses, and dependents, by program;
- aggregating costs by employer; and
- identifying employers with 50 or more unique Employees who used publicly subsidized care.

Methodology for DOR Match Records

Identifying Utilizers of Publicly Subsidized Health Care

The first step in the analysis is to identify all people eligible for MassHealth, HSN or Commonwealth Care in state FY09. DHCFP examined eligibility records to identify all MassHealth individuals who had records containing an SSN. For this analysis, aid categories were

¹⁷ Employers Who Had Fifty or More Employees Using MassHealth, Commonwealth Care, or the Uncompensated Care Pool in State FY07: http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/08/50_plus_employees_exec_sum.pdf

excluded that identified MassHealth Premium Assistance members because the benefits paid through this program are secondary to coverage obtained through the employer. The Health Connector provided a list of Commonwealth Care members to DHCFP to aid in identification. Commonwealth Care members were checked against eligibility records for validity.

Individuals who accessed care through HSN were identified through information provided by hospitals and community health centers on claims submitted to DHCFP. The analysis included Emergency Room Bad Debt (ERBD) and Medical Hardship. SSNs may be included in the patient-specific data. However, SSN is not a required field and providers are not required to validate the accuracy of SSNs before transmitting the patient-specific data to HSN. In an effort to increase the number of records with a potentially valid SSN, DHCFP matched claims to MA-21 eligibility files. Any resulting SSN information was included in the file for the DOR match. As with the MassHealth and Commonwealth Care data, the file that was prepared for review against DOR quarterly employment data could have contained inaccurate SSNs, or inaccurate name and SSN combinations.

Household Methodology

DHCFP performed an analysis to identify household members associated with individuals identified as using public assistance. Using coding within the MA-21 eligibility files, DHCFP identified households and members of that household reported as “self,” “spouse,” “child,” or “stepchild.” Those identified as a child or stepchild of an identified employee were included in the analysis of dependents. Only individuals identified as “self” or “spouse” were included in the file sent to DOR for comparison to employment data. Older children may be employed, but are not identified as employees for the purposes of this report.

In state FY09, the household methodology was applied to all people eligible for one or more of the three programs. In prior years, the household methodology was applied to each program (MassHealth, Commonwealth Care, and HSN) separately and therefore would not capture members of the household who were eligible for different programs than the “self” or “spouse” in the household. For example, since age plays a role in eligibility, children may be eligible for MassHealth benefits where their parents would not be. DHCFP is able to identify these children using the improved household methodology for state FY09, whereas in prior reports, these children were never identified. This methodology change, along with improved matching led to a significant increase in the number of dependents identified in the state FY09 analysis, allowing DHCFP to gain a more complete picture of employee and dependent coverage.

It is important to note that the household analysis occurs prior to the employment analysis. If a spouse is not employed, the spouse will be counted as a dependent of the “head of household.” If a spouse is also employed, the spouse will be counted both as a dependent and as an employee of his or her own employer. While one person can be counted as a dependent and an employee, costs incurred by the household will only be attributed once. This analysis also provides unique or distinct counts of employees by employer.

Identifying Employers

DOR matched DHCFP's MassHealth, Commonwealth Care, and HSN SSN lists to quarterly wage reporting files prepared by all Massachusetts employers. Quarterly wage reporting files capture employer-submitted information on current employees, including name and SSN. These records do not include self-employed individuals, who are not required to file employer wage reports.

DOR's matching protocols examines SSN and the first four letters of the last name as well as an enhanced name match. When records matched, DOR provided the employer's name, address, federal tax identification number, and any quarters in which the individual was employed by that firm during state FY09.

When an individual matched to more than one employer in a single quarter, DHCFP requested wage data to support an allocation methodology distributing a share of the employee's and dependant's costs across the multiple identified employers (described in detail below).

MassHealth members, Commonwealth Care members, and HSN users who could not be matched with the DOR employment records due to the lack of a valid SSN were retained for inclusion in the self-reported employment analysis, as discussed further below.

Identifying Costs of Care

Once employees were identified through the DOR match and household information was compiled, the next step was to identify the costs of services provided to the household.

MassHealth Costs

MassHealth costs include all fee-for-service claims and capitated payments made to managed care organizations on behalf of employees and dependents. The cost of services reported for capitated members does not reflect the volume or intensity of services actually provided to an enrolled individual.¹⁸ Costs associated with services provided by other state agencies, which are "passed through" MassHealth for purposes of federal reimbursement, were excluded from the analysis. In addition, lump sum payments to providers that were not claims-based and administrative costs incurred by MassHealth to operate the program were not included.

Commonwealth Care

Commonwealth Care costs include the state's portion of capitation payments made on behalf of a member. This value excludes any member payments such as premium share and copayments. In addition, contract settlements and the costs incurred by the Commonwealth Health Insurance Connector Authority to administer the program were excluded. The cost of services reported does not reflect the volume or intensity of services provided to an individual.¹⁹

¹⁸ Once a member is enrolled in a capitated program, a monthly payment is made to the managed care plan representing an estimate of the average cost of services projected to be utilized per month by the average member.

¹⁹ See footnote 4.

Health Safety Net

Health Safety Net costs reported are the amount paid to hospitals and community health centers for adjudicated claims submitted to the Health Safety Net Office during the time period. Costs include claims for low-income employees and dependents eligible for care through the HSN. Also included are services for employees and dependents who are awaiting enrollment in Commonwealth Care, MassHealth or a private plan. HSN may also provide supplemental coverage to a private or public plan for those eligible. Emergency room bad debt and medical hardship claims are also included. HSN replaced UCP October 1, 2007 and UCP data is included in years prior to state FY09. Please refer to Appendix 3 of this report for UCP methodology.

Aggregating Costs by Employer

Costs were assigned to employers by matching the quarter in which employment was reported to the quarter in which health care services were delivered to the employee and his/her dependents, where applicable.

Costs for individuals with more than one employer during a quarter were allocated to each employer on a pro-rated basis based on each employer's share of total wages paid during the quarter. Costs for dependents were similarly allocated.

For a household in which both "self" and "spouse" were DOR match employees, costs were allocated on a quarterly basis to each employee's employer based on that employer's share of the combined gross wages of both "self" and "spouse" for the quarter.

Identifying Employers with 50 or More Unique Employees

A firm is included in the analysis if the unique count of employees using public assistance is at least 50, regardless of which program provided care. Individuals may be enrolled in more than one program during the fiscal year. In such cases, the unique number of individuals occurring across the three different public programs was used to identify employers. For example, if an employee accessed care through MassHealth in the first quarter of the fiscal year and then was enrolled in Commonwealth Care for the remainder of the fiscal year, that individual would be counted once as a MassHealth member and once as a Commonwealth Care member. However, if that person was employed by Company X for the year, they would only be counted once for that company. An employee with more than one employer will be counted in each employer's unique count.

Counting Employees and Dependents

Across all programs, employees with no claims during the fiscal year were excluded from the analysis unless they had dependents who incurred costs through one or more publicly subsidized programs during the same fiscal year. In MassHealth and HSN, dependent counts include dependents who did not receive any care from the programs.

Commonwealth Care, however, is for adults only; therefore, any reference to "dependents" under the Commonwealth Care program refers to non-working spouses or dependent children 19 and

over (who were no longer eligible for MassHealth) who are themselves capitated members of the program. Their expenses were associated with the working spouse's or parent's Employer using the household methodology. As Commonwealth Care is a program only offered to individuals ages 19 and older and was not designed to provide coverage to families, the household methodology used for MassHealth and HSN does not appropriately fit the Commonwealth Care program model. Therefore, to more accurately represent the number of people covered by the program, dependents without charges, (i.e. dependents who are not eligible Commonwealth Care members) were excluded.

In state FY06, the analysis included only MassHealth and UCP services; in state FY07, Commonwealth Care was implemented with program costs in the form of capitation payments beginning November 1, 2007. This state FY09 report includes two full years of Commonwealth Care (state FY08 and state FY09) and one partial year of the program (state FY07).

Methodology for UCP is included in Appendix 3 of this report.

Methodology for the Self-Reported Employment Group

To further estimate the total number of employed users of publicly subsidized care, DHCFP also examined information on individuals who could not be matched with DOR records due to the lack of a valid SSN. This methodology examined self-reported employment information and is consistent with the analytic approach of reports prepared for state FY05 and FY06.

If an Employee had both self-reported employment and was identified as working through the DOR match, the information collected through the DOR match was included in the analysis and the self-reported employment information was not used.

Identifying Employees

For MassHealth, Commonwealth Care and Health Safety Net, information about an individual's work status may be self-reported at the time of application or it may be completed or updated during annual eligibility re-determinations. This information is recorded in the MA-21 eligibility system in the employer name field. It is the member's obligation to submit updates to MassHealth, Commonwealth Care or Health Safety Net when employment status changes, including employer name and amount of salary.

Identifying Employers

The employer name field is a "free-text field," or one in which information can be entered without adhering to a particular format. Entries are limited only by the number of characters allocated by the database design and are not subject to validation. As a result, one employer name can have a number of different spellings. Of the 180,000 different employer names recorded in the free text field, less than 10% of the names appeared more than once as written.

Employees of a franchise may report the corporate name rather than the name of the franchise by which they are employed. Although DHCFP is able to identify some franchises in the self-

reported analysis, many are grouped under a single name, creating the appearance of one large employer. In fact, many franchise owners own only one or two stores and are not likely to have 50 or more employees receiving publicly subsidized care. The franchise owner, not the franchisor corporation, determines health care benefits and other conditions of employment for individually owned franchises. Similarly, employees of temporary staffing agencies may self-report that they are employed by the firm to which they have been assigned rather than by the temporary staffing agency.

Note that the DOR match process identifies the temporary staffing agency or the franchise owner as the employer. This explains why some employers that appear in the self-reported analysis do not appear in the DOR match.

A preliminary analysis of the most frequently occurring employer names in this file, using extensive research, pattern matching and visual inspection of the records, led to the creation of a standardized list of employer names.

Identifying Costs of Care

The same costs were included in self-reported methodology as in the DOR match methodology.

Aggregating the Cost of Care by Employer

No quarterly information is available for self-reported employees. For this analysis, the self-reported employer is assumed to be the employer for the entire year. All costs associated with employees and their dependents for the entire year were included in the analysis. Therefore, the costs of services provided for the entire year were allocated to the named employer in the MA-21 file because more detailed information is not available.

Identifying Employers with Fifty or More Employees

The number of employees working for each employer is determined by counting the unique recipient history numbers (RHN) across all programs.



Appendix 3

Uncompensated Care Pool and Health Safety Net

Methodologies

The Uncompensated Care Pool (UCP) was replaced by the Health Safety Net on October 1, 2007 as part of Massachusetts Health Care Reform. Both programs act as safety nets to pay health care costs for people who are uninsured and unable to pay on their own. For the analytic purposes of this report, UCP and HSN are treated as one service for free care. Data for state FY08 combines one quarter of UCP information and three quarters of HSN information. Prior years include only UCP in free care and state FY09 includes on HSN.

Methodology used in this report to identify utilizers of UCP and HSN and their costs were relatively similar with the exception of a few changes made because of differences in the programs themselves.

Uncompensated Care Pool costs reported are DHCFP's estimates of the actual cost of the services provided by hospitals and community health centers. Hospitals report charges to UCP. For the costs in this report, those charges were multiplied by the hospital-specific cost-to-charge ratios applicable to the year of the data (i.e., reported charges for state FY06 were adjusted by the hospital FY06 cost-to-charge ratio and reported charges for state FY07 were adjusted by the projected hospital FY07 cost-to-charge ratio). The applicable Payment Adjustment Factor (PAF) was applied to community health center claims. It is important to note that UCP did not reimburse all of these estimated costs. Rather, hospitals were reimbursed according to a prospective payment system.



Appendix 4

Glossary

Commonwealth Care: This program was created as part of Massachusetts Health Care Reform and offers health insurance coverage to low-income individuals who do not qualify for MassHealth coverage. Premiums are subsidized based on annual income. For more information, visit: www.mahealthconnector.org

Massachusetts Department of Revenue (DOR): The agency that monitors employment and collects state taxes in the Commonwealth. For more information, visit: www.mass.gov/dor

Employer-Sponsored Insurance (ESI): Insurance offered through an employer to its employees. Employers pay a portion of the total monthly premiums.

Franchise: A business established or operated under an authorization to sell or distribute a company's goods or services in a particular area. For example, 'Main Street Coffee' is a franchise of the well known fictional company 'Coffee Plus' but it is owned and run by a separate party. To consumers, 'Main Street Coffee' appears to be the same as all other 'Coffee Plus' stores. However, it is the franchise that pays its employees and has the responsibility of offering health insurance and other benefits.

Health Connector: The agency that administers Commonwealth Care as well as offering assistance to Massachusetts residents looking for health insurance coverage. For more information, visit: www.mahealthconnector.org

Health Safety Net (HSN): A source of payment for people who are unable to afford necessary medical care, funded by the Commonwealth, replaced the Uncompensated Care Pool on October 1, 2007. For more information, visit: mass.gov/dhcfp

MA-21: Records used to determine eligibility in public programs.

MassHealth: Massachusetts state Medicaid, offering health insurance benefits to low-income individuals and children. For more information, visit: mass.gov/masshealth

Office of Medicaid: State agency that runs MassHealth.

The Division of Health Care Finance and Policy (DHCFP): State agency that monitors health reform and other issues surrounding health care in the Commonwealth. For more information, visit: mass.gov/dhcfp

Uncompensated Care Pool (UCP): A source of payment for people who are unable to afford necessary medical care, funded by the Commonwealth, replaced by the Health Safety Net on October 1, 2007.